



**Adopted 2005/2006 Budget  
and  
Ten-Year Resource Allocation Plan**

**City Manager's  
Adopted Budget Message**

## **CITY MANAGER'S ADOPTED BUDGET MESSAGE**

I am pleased to present the FY 2005/2006 Budget and accompanying Ten-Year Resource Allocation Plan, as adopted on June 21, 2005 by the Sunnyvale City Council. The specifics of the budget as recommended to Council are discussed in detail beginning on the next page. This addendum addresses the adoption of amendments to the Recommended Budget.

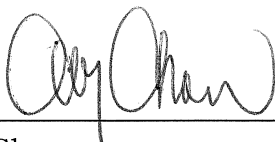
On June 7, 2005, Council held a public hearing on the FY 2005/2006 Budget. At this meeting, Council provided direction to include funding for the Murphy Avenue Tree Lights in the amount of \$20,500 for one year. This is funded from the Downtown Public Improvements Project.

On June 21, 2005, Council adopted the budget with one amendment. Funds of \$12,400 have been added for one year to continue to provide a base level of additional landscape maintenance services for Murphy Avenue. A higher level of additional landscape maintenance services was scheduled to be eliminated at the end of FY 2004/2005. This amendment is a partial restoration of these services. This is also funded from the Downtown Public Improvements Project.

The adopted FY 2005/2006 Budget represents a "bare bones" budget with no increases in services and limited flexibility to deal with fiscal pressures and challenges. Additionally, the City continues to be challenged by the severe economic downturn. Over the last several years the City's General Fund revenues have declined, while costs have risen faster than inflation. This situation has led to a continuing structural imbalance between revenues and expenditures in the General Fund, over the first part of the Ten-Year Financial Plan.

To address the structural imbalance the staff will continue to pursue several fiscal strategies during FY 2005/2006: continuous improvements within the organization, expenditure reductions, and revenue enhancements. These fiscal strategies are detailed in the following pages. The current budget crisis requires that the City "change its lifestyle" to adjust to the new fiscal realities. Fortunately, Sunnyvale's planning and financial management systems are providing the foundation on which we are building the solutions to the City's budget crisis.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Amy Chan", is written over a horizontal line.

Amy Chan  
City Manager

June 30, 2005